

5. INFORMATION ON LITIGATIONS INVOLVING PAO SOVCOMFLOT

As a global shipping company, the Issuer operates in various jurisdictions and is involved in court/arbitration proceedings relating to cargo transportation by sea. The Issuer's third-party liability is, as a rule, insured with international mutual insurance clubs, which assist the Issuer in the settlement of court/arbitration disputes.

In addition, in carrying out its activities the Issuer is governed by the requirements of anti-corruption laws and the highest corporate and ethical standards, the principles of fair and faithful conduct of business, and expects compliance with such standards from its business partners.

As part of the policies and procedures applied by the Issuer to counter fraud and corruption in any form, the Issuer initiated the following litigations between 2005 and 2007:

During 2005 through to 2009, a number of Sovcomflot Group companies filed claims in London against Yuri Nikitin, former Sovcomflot CEO Dmitry Skarga and former Novoship President Tagir Izmaylov for losses arising out of various transactions that had taken place from 2000 through to 2004. The trial of the claims filed commenced at the High Court in London in October 2009 and concluded in mid-2010. Judgment was handed down on 10 December 2010. The Group was successful on a number of claims, and unsuccessful on a number of others. In addition to the awarded damages, the Group recovered over \$200 million from different defendants out of court.

As a result of the Group recovering at trial an amount less than the total amount of the two freezing orders granted against some of the defendants in 2005 and 2007 in the course of the proceedings, in December 2014 these defendants filed a claim for damages said to have been suffered by virtue of the freezing orders.

Following a trial, three judgments were handed down during August-October 2016. In relation to the 2005 freezing order the Court awarded the defendants \$59.8 million in damages and \$11.0 million in interest; a total sum of \$70.8 million.

The Group appealed these judgements in higher courts and was granted a stay of execution pending the Supreme Court's decision.

The application to the Supreme Court was refused in June 2018, and all the costs due to the defendants in relation to their claim (and the Group's related appeals) were agreed and paid by the Group in July 2018.

In late 2005 the Group investigated a number of transactions which involved the former management of Novoship (UK) Ltd ("NOUK"). NOUK and other companies of the Group filed claims at the Commercial Court in London in December 2006 and subsequently joined further defendants. The trial for these claims commenced on 16 May 2012 and concluded on 5 July 2012. Judgment was handed down on 14 December 2012. The Group was initially successful on all claims, but after appeal unsuccessful on some claims against certain defendants. Those defendants have indicated an intention to pursue the Group for damages in respect of \$90 million of security provided during the litigation. No claim has yet been filed for damages.

In relation to the successful claims concerning certain transactions involving the former management of NOUK, the Group was awarded \$59.2 million plus interest. After initial recoveries of \$7.9 million, in September 2013 the Group concluded a settlement agreement with some of the defendants. When payment was not received, in breach of the settlement agreement, the Group pursued various enforcement actions and subsequently recovered an additional \$55.6 million, of which \$40.6 million was received in 2015 and another \$15 million in 2016.

On 23 April 2018, the Dorogomilovo Court of Moscow adjudged Yuri Nikitin, Dmitry Skarga and Tagir Izmaylov guilty of having committed a number of crimes during the period 2000-2005 and causing damage to the Group amounting to over \$300 million. The accused were sentenced to long terms of imprisonment. In addition, the funds held by Yuri Nikitin and companies controlled by him as well as other property of the accused are subject to confiscation.

However, not all wrongdoings by Yuri Nikitin, Dmitry Skarga and Tagir Izmaylov were subjected to judicial review, and the Issuer is taking all necessary actions to protect its interests.